



Placement Agent Policy Disclosure Letter

March 5, 2011

Treasurer of the State of North Carolina  
325 North Salisbury Street  
Raleigh, North Carolina 27603

**Re: Voluntary Disclosure Letter pursuant to Placement Agent Policy,  
KRG Capital Fund II, L.P. ("KRG II")**

Ladies and Gentlemen:

Under Section II of the Placement Agent Policy adopted by the North Carolina Department of State Treasurer on October 19, 2009 (the "Placement Agent Policy"), KRG Capital Partners (the "Investment Manager") is voluntarily electing to comply with the Placement Agent Policy as such policy applies to KRG II managed by Investment Manager in which the NC Funds (as defined in the Placement Agent Policy) committed to invest prior to the effective date of the Placement Agent Policy. Pursuant to and in accordance with Section II of such Placement Agent Policy, the undersigned Investment Manager hereby makes the following voluntary disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Placement Agent Policy.

1. Use of Placement Agent (please check the appropriate box):

The Investment Manager (or any officer, partner, principal or affiliate thereof) elected to use the services of a Placement Agent to assist the Investment Manager in obtaining investments for KRG II from the NC Funds back in 2001-2002. (Note that this box should be checked whether the compensation provided to the Placement Agent is a flat fee, contingent fee, or any other form of compensation or benefit (tangible or intangible).) *If this box is checked, please provide the disclosures as prompted in paragraphs 2 through 8.*

Neither the Investment Manager nor any officer, partner, principal or affiliate thereof has elected to use the services of a Placement Agent to assist the Investment Manager in obtaining investments from or doing business with any of the NC Funds. *If this box is checked, no further disclosures are necessary.*

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2. Placement Agent Information: Chase Securities, Inc./JP Morgan Securities, Inc.
- (a) The name of the Placement Agent was: Chase Securities, Inc./JP Morgan Securities, Inc.
- (b) Attached is a resume for each officer, partner, and/or principal of the Placement Agent, detailing the person's education, work experience and professional designations. **NOTE: As the Placement Agent is no longer in business, and given this information was not provided to the Investment Manager when such Placement Agent was retained, the Investment Manager is unable to answer this question.**
- (c) Listed below are any and all officers, partners and/or principals of the Placement Agent that are current or former North Carolina Department of State Treasurer employees, Investment Advisory Committee members, or consultants or members of the immediate family of any such person (*attach additional pages as necessary*):
- Per Section 2(b) above, the Investment Manager is not privy to the knowledge necessary to answer this question.
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3. Placement Agent Compensation: Described below is any and all compensation of any kind provided or agreed to be provided to a Placement Agent including the nature, timing and value of such compensation. (*Note that compensation to a Placement Agent is deemed to include compensation to third parties as well as employees of the Investment Manager who are retained in order to solicit, or who are paid based in whole or in part upon, an investment from or business with any of the NC Funds (attach additional pages as necessary)*):
- The Placement Agent earned a cash fee ranging from 1-2% of capital committed to KRG II, excluding capital committed by high net worth "friends and family" investors. Such fee, which totaled \$5.5 million, was payable in equal quarterly installments to the Placement Agent from the closing of KRG II (April 2002) through September 2004.
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4. Terms of Agreement with Placement Agent: Described below are the terms of the agreement or arrangement (oral or written) creating an obligation to pay a fee to or for the benefit of any Placement Agent the Investment Manager has elected to use in connection with obtaining investments or doing business with the Treasurer. (*Please note that in the case of any oral agreement, the full extent of such agreement should be written and summarized, succinctly describing the terms of such agreement or arrangement with the Placement Agent, including details of the nature, timing, and value of the compensation or benefit provided (attach additional pages as necessary)*)

The compensation described in (3) above was pursuant to a written letter agreement with the Placement Agent dated October 23, 2000. The Placement Agent was retained on an exclusive basis, and the Investment Manager agreed not to solicit or initiate any discussions or negotiations looking towards the commitment of any interest in KRG II with any firm or any person other than through the Placement Agent (with the exception of (a) the high net worth investors described in (3) above, and (b) Jim Mitchell, an individual the Investment Manager retained the right to engage, but never did engage.

5. Actions and Investigations Involving Placement Agent (please check the appropriate box): **NOTE: The Investment Manager was never privy to information necessary to answer this question.**

The Placement Agent (or any officer, partner, principal or affiliate thereof) has been the subject of an action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years and/or anticipates being the subject of such actions or investigations in the future. If this box is checked, the following describes any such action(s) or investigation(s) (attach additional pages as necessary):

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Neither the Placement Agent nor any officer, partner, principal or affiliate thereof has been the subject of any actions, or investigations by any federal, state, or local government agencies or regulatory bodies in the last ten (10) years or anticipates being the subject of any such actions or investigations in the future.

6. Relationships between Placement Agent and Department of State Treasurer (please check the appropriate box): **NOTE: Although the Investment Manager is not able to answer the question below as it relates to the broader corporate organization of the Placement Agent (i.e. JP Morgan), the Investment Manager can affirm, and has done so below, with respect solely to the (former) private equity group of the Placement Agent.**

The Placement Agent (or any officer, partner, principal or affiliate thereof) has had a prior personal or professional relationship with a current or former Department of State Treasurer employee, Investment Advisory Committee member, and/or consultant or a member of the immediate family of such person who suggested the retention of the Placement Agent. If this box is checked, the following lists the name(s) of such individual(s) (attach additional pages as necessary):

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The Placement Agent (or any officer, partner, principal or affiliate thereof) has not had any prior personal or professional relationship with any current or former Department of State Treasurer employee, Investment Advisory Committee member, or consultant or a member of the immediate family of such person who suggested the retention of the Placement Agent.

7. Registration of Placement Agent and Licensing of Placement Agent Representatives. The Investment Manager hereby confirms that (i) the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, (ii) the individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses, (iii) no placement fee has been shared with any person or entity not so registered and (iv) the Placement Agent is in the habitual systematized business of acting as a Placement Agent. **NOTE: The Investment Manager can affirm items (i) through (iv) solely as they relate to the (former) private equity group of the Placement Agent.**

(a) The Placement Agent's registration details are as follows:

The Placement Agent was registered with the Securities and Exchange Commission.

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(b) For each individual officer, partner, principal, employee and other representative of the Placement Agent, the registrations, number of years of employment by the Placement Agent and the number of years of experience directly related to such business are as follows (*attach additional pages as necessary*):

As this information was not provided to the Investment Manager, and the Placement Agent is no longer in business, the Investment Manager is unable to answer this question.

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8. Lobbying Information of Placement Agent (*please check the appropriate box*):  
**NOTE: The Investment Manager was never privy to information necessary to answer this question.**

The Placement Agent (and/or any officer, partner, principal or affiliate thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (*attach additional pages as necessary*):

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Neither the Placement Agent nor any officer, partner, principal or affiliate thereof is registered as a lobbyist with any state government.

9. The Investment Manager hereby confirms that none of the Investment Manager nor their respective officers, partners, principals or affiliates has made any contribution to the Treasurer or any elected official in violation of any published policy approved by the Treasurer or applicable state or federal law.

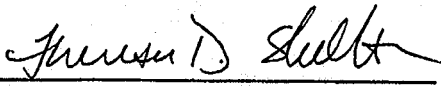
*[Signature Page Follows]*

By signing below, the Investment Manager hereby represents and warrants that the information found in this Disclosure Letter is true, correct, and complete in all material respects.

Sincerely,

KRG Capital Partners

Name of Investment Manager

By: 

Name: Theresa D. Shelton

Title: Chief Operating Officer & Director

Date: March 5, 2011

Disclosure Letter reviewed and accepted by:

NORTH CAROLINA DEPARTMENT OF STATE TREASURER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_